

An Analysis of Family Living in Kansas for 2020

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Introduction

This paper updates a previous analysis of farm family living expenses published in 2018. Net farm income can vary significantly each year making it difficult for farm families to budget their family living expenses. This paper uses data from the Kansas Farm Management Association (KFMA) to examine how family living has changed across time.

The KFMA program has been helping farmers with record keeping and farm management advice since the 1930's and has computerized farm records back to the early 1970's. There are currently over 2,000 farms in the KFMA system and about half of those farms will have records that are useable for research, teaching, and Extension analysis. The family living data is a subset of the farm financial data and certified separately. In this analysis, 328 farms had useable family living data.

Analysis

Total family living expenses since 1993 are presented in both nominal and real dollars. For the numbers presented as real dollars, past nominal values are adjusted by the CPI index so that older values are comparable to today's values. Figure 1 shows family living has increased fairly steadily from 1993 until 2012. Since then family living has been flat.

Figures 2 and 3 show some of the specific expense categories that make up family living. This list is not inclusive as some of the categories were left off because they show little change and their inclusion would make the graph more complicated. The included categories though are the largest and most interesting expense categories.

The effect of Covid can clearly be seen in the family living expenses. Entertainment and recreation dropped by nearly \$2,000 during 2020 as farm families spent more time at home like everyone else. Four years ago, recreation was the largest expense category. It has since moved down to fourth place. With a very profitable year in 2020 and potentially very good profits in 2021 as well, it will be interesting to see if recreation increases in 2021. Many of the expense categories are somewhat fixed for spending but recreation is one of the few categories where families have more flexibility to adjust their spending up or down based on available cash.

The category that will likely jump out to most readers is health insurance. Over the last three years, this category has been the most expensive for farm families. Back in 1993,

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this expense category was about average for spending relative to the other expense categories. In real dollar terms, health insurance has increased from \$3,500 per year to nearly \$12,000 per year over the last 27 years. At the same time, medical expense have remained flat so the higher health insurance has not offset medical expenses.

Other categories

Many of the other categories have shown either flat or slowly increasing spending when examined in real dollar terms. Auto expenses, household operations, and gifts fit this description. Home repairs has been mostly flat except for a rapid increase from 2008 through 2014 followed by a rapid decline over the next couple of years. This might be explained by the similar pattern of net farm income over those years. Finally household operations has seen spending increase on a real dollar basis almost as much as health insurance.

Future work

This initial analysis just looked at the changes in family living expense categories over time. Future work will examine family living as a function of net farm income and off farm employment. Also planned is an analysis of family living by farmer age.

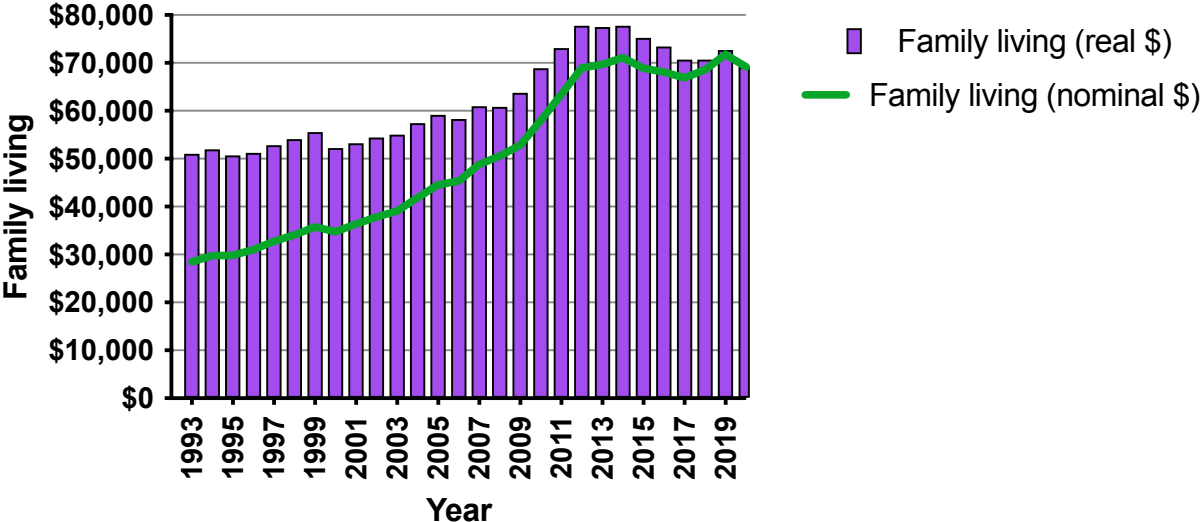


Figure 1. Total family living expenses in nominal and real dollars

Family living (nominal \$)

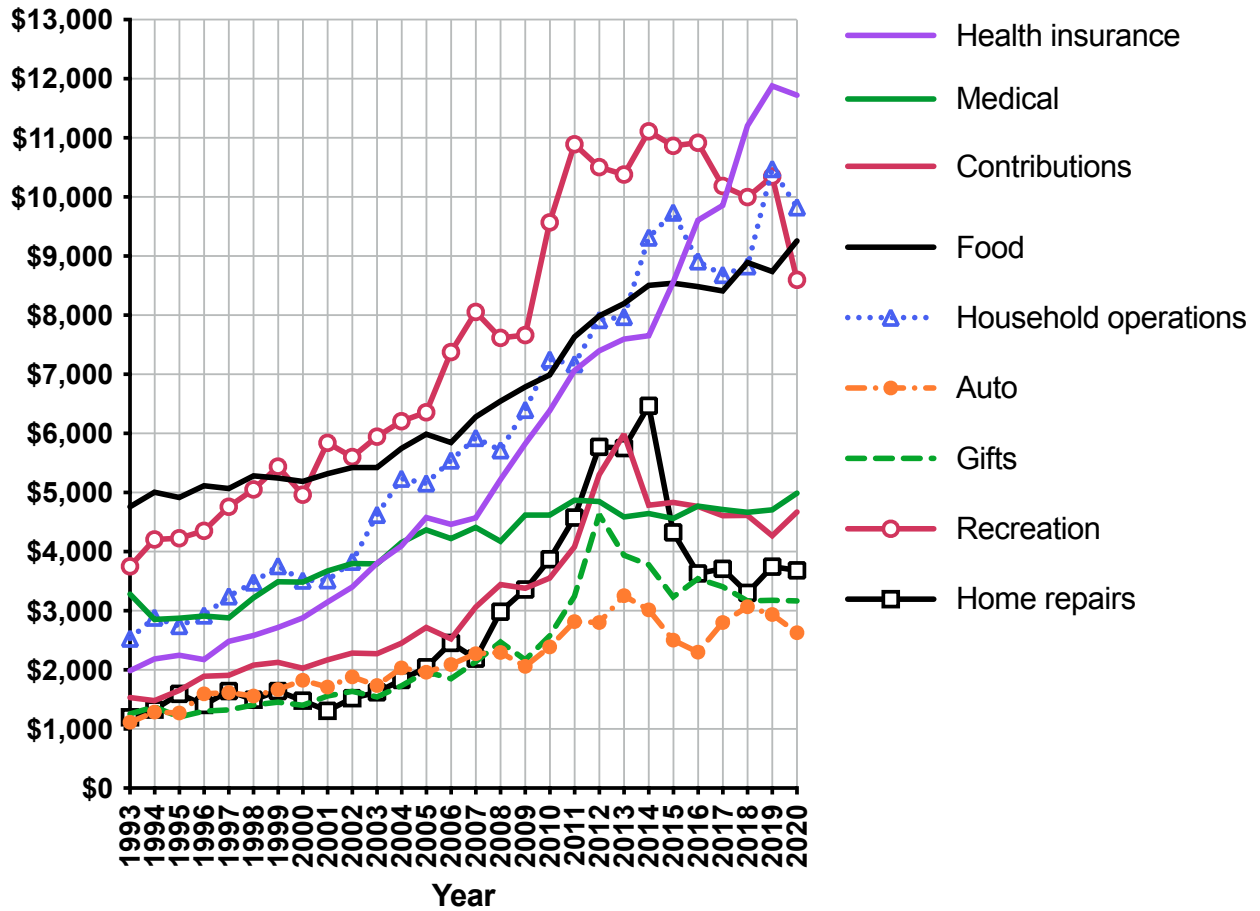


Figure 2. Net farm income vs family living expense items from 1993 through 2020 (Nominal \$)

Family living (real \$)

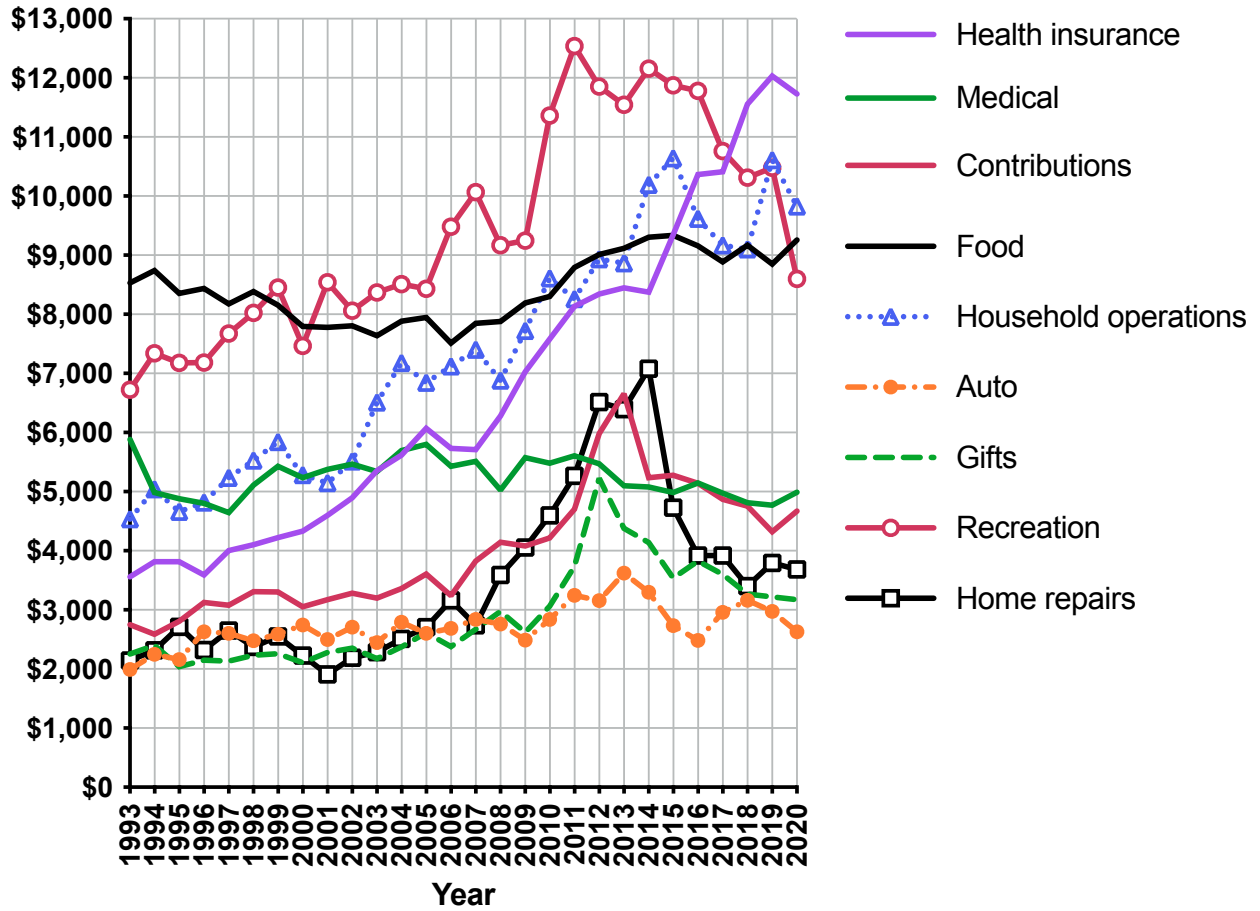


Figure 3. Net farm income vs family living expense items from 1993 through 2020 (real \$)